

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 15, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Ruben Barcelo

Applicant: County of Alameda

Contact Information:

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Allocation Amount Requested:	\$11,006,640	Converted MCC Authority:	\$2,751,660
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Applicant's Fair Share Amount:	\$11,006,640	Converted MCC Authority:	\$2,751,660
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Participating Jurisdictions:

Participating jurisdictions include the cities of Alameda, Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Newark, Oakland, Pleasanton, San Leandro, Union City and unincorporated sections of the County.

Allocation Information:

Date MCCs were advertised: March 1, 2019
Expected issue date of first MCC: June 10, 2019
Program Status: Existing
Certificate tax credit rate: 20%

Type of housing units to be assisted/average mortgage amount:

New construction units:	11 units (28%) with an average mortgage amount of \$360,000
Existing resale units:	28 units (72%) with an average mortgage amount of \$360,000
Rehabilitated units:	<u>0</u> units (0%) with an average mortgage amount of \$000,000
Total units:	39 units with an average mortgage amount of \$360,000

The above numbers of units are: X Estimates
 Actual requirements imposed by the Issuer

Past Performance:

The application indicates the applicant met the 2018 minimum performance requirement that at least **40%** of the program participants are lower-income households or located in a Qualified Census Tract.

The application indicates the applicant expects to meet the 2019 minimum performance requirement that at least **40%** of program participants will be lower-income households.

Recommendation:

Staff recommends that the Committee approve an amount of \$11,006,640 in tax-exempt bond allocation to the County of Alameda for the Mortgage Credit Certificate Program. This is the Applicant's 2019 fair share amount.

DESCRIPTION OF PROPOSED PROGRAM:

- **Population to be served by the proposed Program (family size, income levels, etc.):**
According to the Applicant, the proposed Program expects to serve all ethnic groups and family sizes with a minimum of 40% of the households at or below 80% of the median income adjusted by household size.
- **Estimated number of first-time homebuyers to be assisted:** 38
- **Housing stock to be purchased (types, unit sizes, etc.):**
According to the Applicant, the housing stock to be purchased will consist of existing single family homes or new and/or existing condominiums or townhomes ranging in size from 800 square feet to 2,000 square feet. The MCC program has been used to purchase units ranging from one-bedroom lofts to four-bedroom homes.
- **Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:**
According to the Applicant, the program will reserve at least 20% of the certificates for federally designated target areas and at least 40% of the MCCs for families with incomes at or below 80% of the area median income adjusted for family size.
- **Expected duration MCCs will be available and anticipated monthly rate of issuance.:**
According to the Applicant, MCCs are expected to be available for 24 months and the anticipated monthly rate of issuance is 1 to 2 MCCs per month.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, the passage of the Alameda County Affordable Housing Bond will introduce a new down payment assistance loan program in 2019.

PURCHASE PRICE INFORMATION:

The proposed maximum limits are:

<u>Unit Type</u>	<u>Average Area Purchase Price*</u>	<u>Non-Target Area Max Purchase Price</u>	<u>Target Area Max Purchase Price</u>
New Units	\$1,047,757	\$942,981	\$1,152,533
Existing Units	\$1,059,181	\$953,263	\$1,165,099

*This is established by (check one): IRS Safe Harbor limitations
 X As determined by special survey

Expected average sales prices of the estimated units to be assisted:

New Units	\$360,000
Existing Units	\$360,000

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$139,440

Applicable standard that defines the area median income:

☐ HUD statewide median ☐ HUD county MSA median

☒ Local median as determined by a special study

Percent of MCCs reserved for IRS-designated target areas in the jurisdiction(s): 20%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$139,440	\$167,328
3+ persons	\$160,356	\$195,216

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

<u>Year</u>	<u>Amount of Allocation</u>	<u>Amount of Allocation Used</u>	<u>Number of MCCs Issued</u>	<u>Outstanding MCC Authority</u>
2017	\$10,367,000	\$10,254,007	40	\$28,248
2018	\$15,000,000	\$10,233,388	36	\$1,191,653

Pursuant to Section 5269 of the CDLAC Regulations, the Applicant has:

- 1 Demonstrated that no Mortgage Credit Certificate authority from the year two years prior to the current year has been unused (other than minor amounts not to exceed \$1 million); and
- 2 Certified that any Mortgage Credit Certificate authority remaining from the year prior to the current year will be used before the use of new Mortgage Credit Certificate Authority.